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APRIL 1988

FOOD ENGINEERING

SINCE 1928 THE SOURCE ON PROCESSING, PACKAGING AND PRODUCT DEVELOPMENT

8th ANNUAL NEW PRODUCT ANALYSIS

WHAT'S HOT

FOOD ENGINEERING

COVER STORY

With 3,584 new products introduced in 1987 fighting for shelf space, share of market becomes increasingly important. *Food Engineering's* eighth annual new product analysis explores the hottest food trends.

Pages 89 to 116

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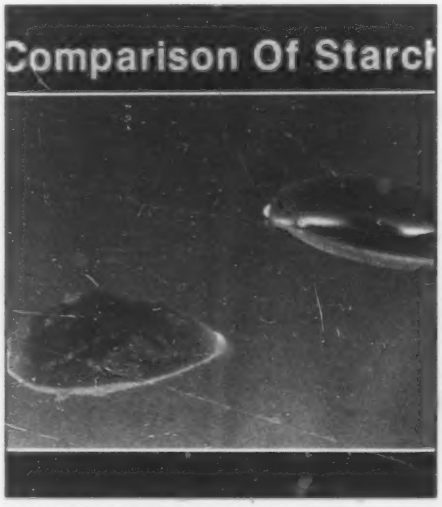

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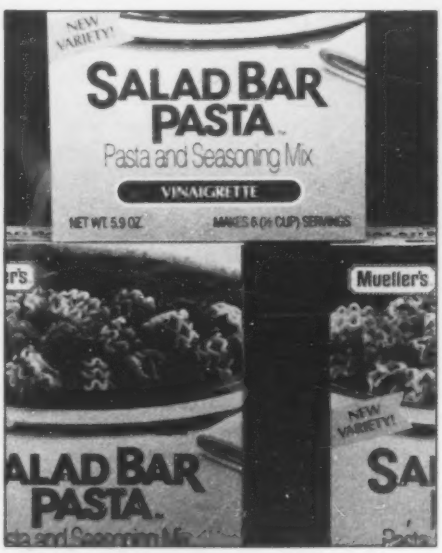

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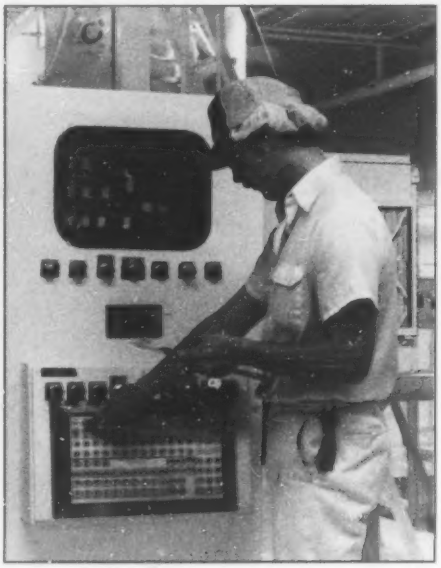

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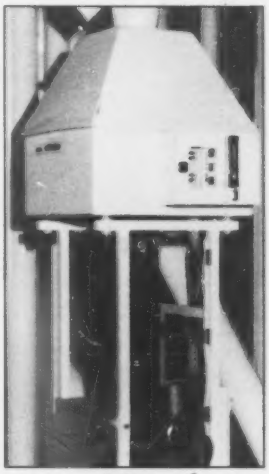

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POWDER & BULK HANDLING

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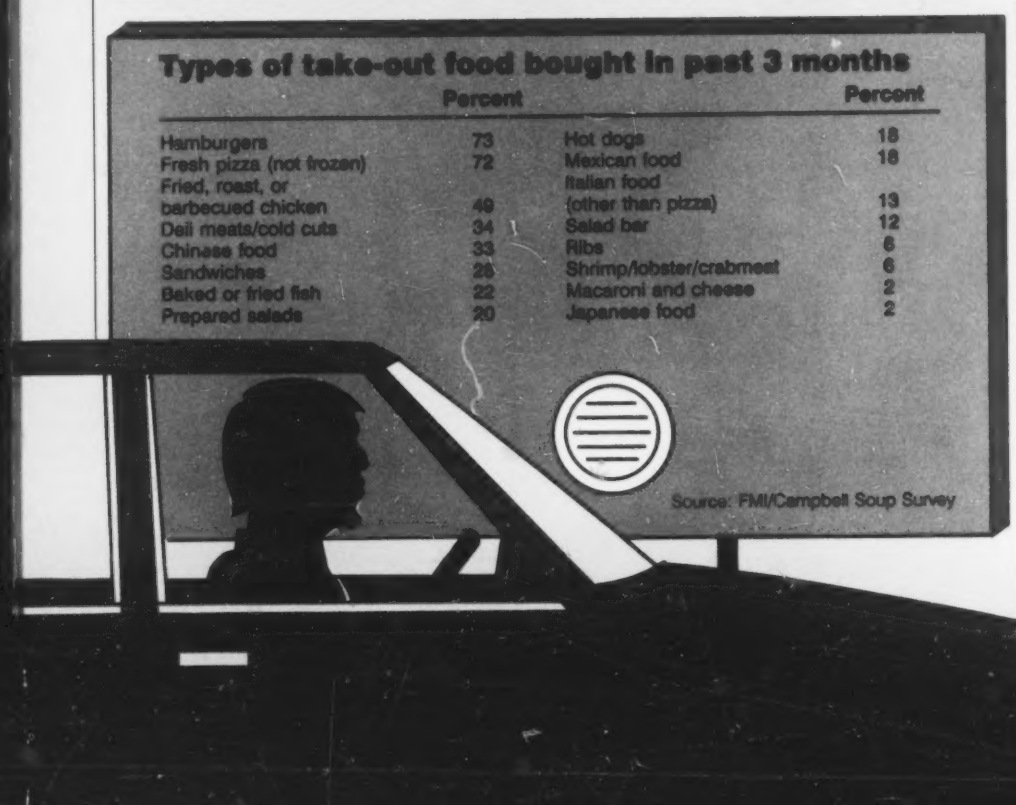


NEW PRODUCT ANALYSIS

	Total intros.	New brands/ lines	Brand exts.	Line exts.	Total SKUS
Baby food	8	4	-	4	35
Baking mixes	37	10	4	23	74
Bread & bread products	121	35	3	83	232
Cake mixes	16	2	-	14	28
Catsup	8	1	-	7	12
Cereals	86	15	1	70	140
Cheese	76	13	4	59	168
Chewing gum	13	1	-	12	29
Chips	91	23	-	78	174
Chocolate candies	118	33	2	83	372
Non chocolate candies	91	24	4	63	187
Cookies	147	34	1	112	337
Crackers	38	6	1	31	69
Dairy substitutes	5	3	-	2	8
Other dairy case (non-bev)	9	6	1	2	17
Desserts	38	13	1	24	93
Special diet foods	30	9	-	21	56
Entree mixes	16	7	1	8	38
Fish	5	18	-	33	152
Fruits	32	6	2	24	197
Ice cream and cones	116	38	8	80	435
Jams, jellies, marmalades	75	26	2	47	271
Margarine, butter, etc.	18	5	1	12	22
Mayonnaise (inc. imitation)	14	2	-	12	30
Meals & entrees	121	53	5	63	336
Meat meals & entrees	33	7	1	25	98
Fish meals & entrees	16	5	1	10	109
Poultry meals & entrees	24	4	1	19	66
Vegetable meals & entrees	16	2	2	12	44
Meat	83	20	1	62	168
Miscellaneous foods	1	-	-	1	1
Mustard	46	13	2	31	112
Non-stick surfacing products	2	-	-	2	2
Nut butters	16	3	2	9	60
Oil and shortening	29	7	-	22	57
Pasta products & combinations	74	1	2	48	195
Pastry & baked products	99	7	1	61	250
Pickles, relishes, etc.	75	9	1	65	172
Popcorn	58	15	1	42	109
Poultry	48	13	-	35	151
Prepared salads	10	6	-	4	26
Rice & combinations	33	10	1	22	81
Salad dressings	68	22	2	64	167
Salad toppings & dips	21	6	1	14	58
Spaghetti, pasta sauces	43	16	1	26	90
Other sauces, gravies	152	41	2	109	346
Savoury spreads	6	1	-	5	20
Snack bars	22	8	1	13	50
Other snacks	106	30	1	75	247
Soup	70	27	3	40	195
Spices, seasonings, extracts	129	37	6	86	374
Staples	25	8	-	17	42
Sweet toppings	57	18	3	36	161
Vegetable protein products	27	11	1	15	78
Vegetables	92	17	4	71	197
Yogurt (inc. imitations)	31	10	-	21	112
Beverages					
Other alcohol	29	14	2	13	45
Alcohol subs, low alcohol	12	3	-	9	26
Baby beverages	2	-	1	1	7
Beer & ale	61	20	1	40	85
Beverage mixes & bases	29	9	-	20	50
Cocktail mixes	10	2	-	8	17
Coffee	43	15	1	27	119
Fruit & fruit flavored	125	35	2	88	400
Health drinks	11	3	1	7	21
Isotonic, energy producing	15	4	1	10	42
Liqueurs	26	8	1	17	35
Milk & non-dairy milk	39	16	-	23	89
Milk additives	3	-	-	3	6
Mineral, bottled water	53	18	-	35	157
Miscellaneous soft drinks	61	22	1	38	200
Tea	59	18	5	36	196
Vegetable, veg. flavored	8	-	-	8	19
Wine, wine coolers	64	17	-	47	97
	3581	1038	99	2444	8967

Source: Productscan™/Marketing Intelligence Service

Competition for market share of prepared food items has always been tough. The bad news is it's becoming tougher. The good news is that with a current sound economy and more households with dual earners, the demand for further processed, value-added foods is climbing at an astounding rate.

First, though, let's examine the bad news. Despite warnings that too many new foods continue to be introduced, the rate continues to soar. Marketing Intelligence Services Ltd., Naples, NY, tracked 3,581 new foods and beverages for 1987—the largest number yet for a given year. While many of these are line extensions (see accompanying chart), supermarket shelf space to accommodate them is becoming increasingly difficult to come by.

It can cost a food company $2 to $3 million to coax stores across the country to stock a new product, according to Keith Jones a vice president of Summa Group, Stamford, CT, part of A.C. Nielsen Co. And as new software allowing accurate and rapid grocery store scanning data collection continues to become available, supermarkets can scrutinize even more closely how new products perform.

Another challenge faced by food manufacturers is increased competition from supermarkets themselves. As convenience foods play an even greater role in the lives of working women, single member households, and others who are looking to reduce food preparation time, supermarkets are responding by offering their own prepared foods. Twenty-six percent of chain supermarkets with annual sales over $2 million now have salad, soup or taco bars, and 81 percent have delicatessens, reports Nielsen Marketing Research, Northbrook, IL.

These in-store delicatessens and other supermarket prepared food areas are competing directly with processors' prepared entrees. The area which seems to be suffering the most is refrigerated entrees—especially since there is a limit to how much Americans will pay for prepared foods.

This can be seen in the demise of a line of refrigerated entrees offering individually packaged entrees, vegetables, side dishes, and desserts. In April of 1987, Milwaukee, WI-based Ember Brands introduced *Tonight's Choice* after extensive consumer research showing that the product appealed to people who then relied on fast food stores, restaurant take-out, and frozen dinners for quick evening meals at home. It was rolled out into upscale supermarket chains in Salt Lake City, Los Angeles, St. Louis, Milwau-

kee, and 14 other markets nationwide. Suggested retail prices for Tonight's Choice entrees ranged from $2.59 to $3.49; vegetables from $1.29 to $1.49; side dishes from $1.09 to $2.29; and desserts from $.79 to $.99; or $5.79 to $8.29 for a complete meal.

And General Foods, White Plains, NY, announced it was introducing less expensive entrees in its refrigerated line – *Culinova* – which is being test marketed in the New York metropolitan area. The line extensions, including items such as *Chicken in Barbecue Sauce* and *Lasagne Vitello*, will retail for $2.90 to $4.00 vs. $4.50 to $8.50 for the original line which includes entrees such as *Filet Mignon Madagascar*. While most Americans are turning to upscale foods more, they strongly hold to a price/value relationship.

Still, for all these difficulties many food manufacturers are continually developing and marketing successful new foods by closely monitoring consumer trends and anticipating consumers needs. The key is getting products on the market in "hot" categories before the category becomes saturated and profit margins go down.

For example, by spring of last year the upscale frozen novelty category, once very lucrative, was already becoming saturated (see *FE*, July, 1987, p.23). Since then, Schamitoff was sold shortly after it introduced several new items, including *Liqueur Truffles*. The main reason given for selling that was the frozen market has become so competitive that profits for retailers have fallen to about half of what they were several years ago.

Certain trends, though, such as convenience will be around for a while. The U.S. Department of Labor predicts that by 1990, 76 percent of people aged 25 to 44 will be working outside the home. Young professional and "empty nesters" are also prime candidates for convenience foods.

But much of the future growth in this area will come from products offering improvements to what's currently available at a price in line with perceived consumer value. Last December 15, an article in the the *Wall Street Journal* pointed out that a surprising number of companies missed the signs of midlife crisis for the premium frozen entree category. Stouffer's Lean Cuisine has suffered a 20 percent drop in market share since 1985 as consumers are turning towards less expensive, less "gourmet" when purchasing prepared meals.

Growth in the frozen entree category will come from products using technological advances such as controlled atmosphere packaging for shelf-stable entrees or reformulating hamburger buns to be heated in a microwave oven (see the microwave-specific section of this article on page 94).

Microwaveable foods introduced in 1987

	Micro-waveable	Microwave specific		Micro-waveable	Microwave specific
Baby food	1	-	Meat	11	1
Baking mixes	4	1	Pasta products & combinations	7	-
Bread & bread products	5	1	Pastry & baked products	17	-
Cake mixes	4	2	Popcorn	22	19
Cereals	1	-	Poultry	10	-
Cheese	3	-	Rice & combinations	2	-
Chips	2	1	Salad toppings & dips	1	-
Non-chocolate candies	1	-	Spaghetti, pasta sauces	5	-
Cookies	3	2	Other sauces & gravies	4	-
Desserts	4	-	Other snacks	6	-
Special diet foods	1	-	Soup	14	1
Entree mixes	5	-	Spice, seasonings, extracts	4	-
Fish	17	7	Staples	1	-
Meals & entrees	62	13	Sweet toppings	1	-
Meat meals & entrees	17	1	Vegetable protein products	3	-
Fish meals & entrees	10	-	Vegetables	14	4
Poultry meals & entrees	13	-			
Vegetable meals & entrees	8	-			
Total				283	53

Source: Productscan™/Marketing Intelligence Service

The Food Marketing Institute (FMI) asked consumers what the top new products in supermarkets were. For 1987, "food products designed especially for microwave cooking" were mentioned most often – by 89 percent of those surveyed. Tied for third place were "partially prepared foods that require less time to prepare at home" and "delicatessen or other carry-out food items" which were each mentioned by 78 percent of those questioned. (Generic products were mentioned second most.)

Convenience was identified by *FE* as a major driving force behind new food introductions in 1986 – it *is* the major driving force in 1987. Other factors influencing "hot" new foods in 1987 were health concerns (if they don't interfere too much with taste), taste, and value/quality relationship.

The major areas of new product activity that *Food Engineering* has identified for 1987 were: Microwave-specific, Cajun & other ethnic; sauces; pasta & rice products; bottled water, seltzers & other carbonated beverages; fiber- & calcium-added products; and yogurt & yogurt-like products.

One final note before getting into the individual categories. As food companies are becoming more marketing driven, not only are the types of new products being closely eval-

uated but so are marketing methods.

Regional marketing is becoming more common among food companies. Both General Foods and Campbell Soup have instituted regional marketing programs.

Larry Carpenter, director of marketing for condensed soups at Campbell Soup Co. pointed out in an article in the November 1987 issue of *American Demographics* that while developing regional products is expensive, the benefits are there. These include forcing national marketers to think like their local competitors, and enabling them to compete in new areas. It can also mean growth in mature or declining markets.

Marketing departments at food companies are also looking closely at age demographics. The Food Institute has published a report, *Demographic Directions For Food Marketing*. The report notes that per-person spend-

Blurring of lines between fast food & retail sales

White Castle--a well-known Midwest fast food chain offering miniature sandwiches—began test marketing a frozen, microwaveable version of its tiny square hamburgers and cheeseburgers last year. Going the other direction, J.R. Simplot Co.—which benefited tremendously from supplying frozen french fries to McDonald's and Burger King—is now competing with those chains by testing frozen, microwaveable hamburgers, cheeseburgers, and other products. And to confuse matters even more, taco bars, salad bars, and even breakfast bars are becoming more prevalent in supermarkets.

With eight out of ten households buying take-out food in any month (according to a study sponsored jointly by the Food Marketing Institute and Campbell Soup Co.), the battle over the dollars spent on take-out foods is intensifying. Successful fast food items are finding their way to supermarket shelves (see section on microwave-specific foods) and fast food outlets are expanding their menus.

Currently supermarkets trail behind restaurants as being recognized as a location to purchase take-out foods, according to the FMI/Campbell Soup study. The study, based on interviews with 614 households, found that only 18 percent of those asked to name the places that come to mind when they think of purchasing take-out food mentioned supermarkets. In contrast, 85 percent of the respondents named fast food restaurants; 65 percent, pizzarias; 35 percent, ethnic restaurants; 20 percent, independent delis; 7 percent, convenience stores; 3 percent, small grocery stores; and 2 percent mentioned gourmet stores.

The study also discovered that Americans who purchase take-out foods spend an average of $16.50/week on take-out foods—or $13.50 when non-users are averaged in. Thus, for the 88.5 million U.S. households, these figures project to about $1.2 billion spent weekly, or $62.4 billion annually.

This battle between fast food establishments and supermarkets for an increased share of the money spent by consumers on take-out food can be difficult to measure. The U.S. Department of Agriculture tracks the percent of disposable income spent on food eaten at home and of food eaten away from home, but take-out food purchased from grocery stores is included in food eaten at home. The USDA's figures show that 10 percent of disposable income in 1986 was spent on food eaten at home and 4.7 percent for food eaten away from home, in 1984 the figures were 10.6 and 4.6, respectively. (The 1987 figures will not be available until August or September, 1988.)

"As microwave oven penetration continues to grow throughout the '80s and into the '90s, the real battle in the fast food industry will not be McDonald's versus Burger King versus Wendy's, but will be more along the line of fast food chains versus packaged goods manufacturers and supermarkets," says Tom Vierhile of Marketing Intelligence Service.

The decreasing percent of disposable income spent for food eaten at home (including take-out food purchased in grocery stores) is in part responsible for the increasing number of traditional "fast food" items appearing on supermarkets shelves. (Currently, 30 percent of those consumers questioned in a 1987 Gallup annual report on eating out said that hamburgers were their favorite takeout food.) But, foodservice establishment are not standing passively by.

Carl S. Dienst, spokesman for Carnation Co., Los Angeles, CA, told those in attendance at last fall's R&D Associates meeting, "The fast food segment is a mature area in the midst of a shakeout. At the same time, it faces severe competition from newer, developing channels of food service." Dienst went on to review consumer trends and menu changes in the fast food industry that those trends dictate.

"Spicy and ethnic food trends continue to be leaders in new menu concepts," said Dienst. "The primary growth areas are Oriental, Mexican and Italian. As these restaurant segments grow, there is increasing pressure on fast food operators to add their own version of these foods." McDonalds has taken advantage of this growth with a successful promotion of Shanghai McNuggets in 1986, and in 1987 it offered Fiesta McNuggets.

Dienst also identified healthy and fresh/freshly prepared as the predominant trend, with finger foods as another contender. An example of the finger food trend is *Bundles*—one-ounce cheeseburgers that come three and six to a box—which were used by Burger King as a promotional item in 1987.

The increased concern for healthy foods could change consumers' view of supermarkets as important locations to obtain take-out food. The FMI/Campbell Soup study found that respondents perceived supermarket take-out as fresher, higher quality, healthier, more nutritious, and offering more value than restaurant take-out food. On the other hand, supermarket take-out food is not viewed as being as tasty or as much fun to eat as restaurant take-out food.

ing for food at home rises with age, up to the oldest group (above 75). This, along with the fact that the population is aging, leads to the recommendation that "careful targeting of markets will be required for success (or even survival) in such an environment – better understanding of how age change will affect consumer spending takes on a new sense of urgency."

Pillsbury Co. conducted a series of market research focus groups with consumers between the ages of 50 and 60. The company's associate director of marketing mesearch, Robert M. Anderson cautioned, "Very careful communication is the key to success with these consumers. They are receptive to products offerings which cater to their needs, but be careful to avoid messages which suggest that they are now getting old and need to change their eating habits."

Now for the specific categories. Once again many of the new foods introduced in 1987 fall into several categories – increasing their appeal to consumers. For example, many of the popular new sauces also have an ethnic flair.

'Microwave-specific'

By the end of 1987, microwave ovens were in at least three-fourths of the homes in America. This is the latest estimate from the Association of Home Appliance Manufacturers (AHAM). And in a survey conducted by the Good Housekeeping Institute for AHAM, almost half of those questioned use their microwave oven often for cooking frozen foods, and 38.7 percent use it often for cooking nonfrozen foods.

This escalation of microwave oven use is having a dramatic effect on the prepared foods industry. Americans spent $760 million on microwaveable foods last year, up 64 percent from 1986, according to SAMI/Burke Inc.

Two things happened in the microwave-specific category this year. Popcorn continued to dominate the category, but other segments also began to pop. About half of the sales are generated by popcorn, according to New York City-based SAMI/Burke Inc.

Some of the new microwaveable popcorn products to appear on supermarket shelves last year were three new varieties of *Orville Redenbacher's Gourmet Microwave Popping Corn* – Butter, Sour Cream'n Onion, and Cheddar Cheese. Each is sold in a 10.5 ounce box containing three bags of popping corn. The butter variety was introduced in the early part of the year, and the other two towards the end of the year.

Still, regardless of popcorn's dominance, 1987 was the year when roughly 60 percent of the category introductions were in other areas. There was an explosion.

The leader in the microwave-specific food category is Pillsbury. *Business Week* (April 27, 1987) reported that for fiscal 1987 year revenues from microwave-only foods at Pillsbury would be $150 million, up from $60 million two years previously. The company's 1987 microwaveable-only introductions were:

- January: *Van de Kamp's Lightly Breaded Microwave Fish Fillets*. The fish is coated with a special breading designed to be crispy after microwave preparation, and a susceptor is included in the package.
- October: *Green Giant Garden Gourmet Frozen Vegetable Dishes*. Developed exclusively for microwave preparation, these dishes feature vegetables combined with either rice or pasta and a sauce.
- August: *Microwave Brownie mix* made its debut. In September, a frosting for hot microwave cakes – *Frost It Hot* – was announced. And in November: A complete line of desserts joined these products, including *Tunnel of Fudge Bundt Microwave Cake Mix, Streusel Swirl Microwave Cake Mix, Double Chocolate Cake Mix, and Double Lemon Supreme Cake Mix*. All the mixes were specifically developed for microwave baking, and have a reusable microwave pan.

Pillsbury, though, was not the only company to introduce microwave-specific desserts last year. ConAgra Frozen Foods, Ballwin, MO, added *Morton Fruit Pies*, specially designed for preparation in microwave ovens, to its line of *Great Little Desserts*. The 6.5 ounce pies are single-serve and come in apple, cherry, and peach varieties. Preparation time is 7 to 8 minutes in the microwave or 45 minutes in a conventional oven.

"We know that there is a growing demand for single-serving products...and we know that consumers want more products that work well in the microwave. Our new fruit

Developed for microwave preparation, the MicroMagic line of hamburgers, milk shakes, and other items was first introduced in 1987. Photo courtesy of J.R. Simplot.

Circle 61 or see FEM, p. 160 →

Food introductions 1987

Use of national and ethnic descriptors

	Frequency		Frequency
Austrian	4	Indian	8
Australian	3	Irish	11
Cajun	90	Italian	100
Chinese	19	Japanese	17
Creole	34	Jewish	42
Danish	10	Mexican	44
Dutch	11	Oriental	46
European	14	Polish	6
French	109	Russian	2
German	8	Swedish	6
Hispanic/Spanish	33	Swiss	7

Total Food Introductions 2931

Source: Productscan™/Marketing Intelligence Service

pies meet both those needs," said Jeff Jury, Morton Product Manager, in announcing the pies' introduction last November.

Many of the problems that in the past detracted from the quality of foods prepared in the microwave have been tackled in formulating the latest microwave-specific food. The newest products in this area are traditional American foods targeted at mid-America.

Two years of intensive development went into overcoming problems such as excessive moisture that promotes sogginess, uneven heating, and lack of adequate browning prior to Oscar Mayer's introduction of *Zappetites* microwave-exclusive frozen foods. In fact, many of the solutions to develop products such as chicken nuggets, hot dogs, pizza, and cheeseburgers that can cook in about 60 seconds come out of technology within the Oscar Mayer/General Foods organization.

The Ham and Cheese Stuffed Sandwich, for example, uses a special fiberboard tray that creates air space between the product and the package, and "wicks" the moisture away from the sandwich so the crust will remain flaky. The dough for this sandwich was created to be moisture-resistant by developing a formulation that uses a specific type of starch, and a precise ratio of starch to fat to flour. Patents have been applied for many of the processes developed.

Competing directly with fast food restaurants is *MicroMagic*—a frozen line of Hamburgers, Cheeseburgers, French Fries, and Hash Brown Sticks developed exclusively for microwave preparations. Hailing from Boise, ID-based J.R. Simplot Co. these items were introduced in 1987. A Chicken Sandwich and three flavors of Milkshakes were added to the line early this year.

"The line brings to retail stores popular fun foods which have a consumer franchise in non-supermarket channels," noted Blaine Jacobson, retail marketing manager of Simplot's food division.

MicroMagic is currently in 60 percent of the country, and the company is encouraged by the line's success so far. The hamburgers are 100 percent beef on a sesame seed bun. Three three-ounce hamburgers come in a package that retails for $1.19.

Almost in national distribution (excluding only Philadelphia and metropolitan NY), *Microwave Hamburgers, Cheeseburgers,* and *Bacon Cheeseburger* were added to Hormel's *New Traditions* line of microwaveable products in 1987. The response for them has been tremendous, according to Tom Bloomhart, a company spokesman.

The New Traditions line was begun by introducing microwaveable sausage, then six breakfast sandwiches were added to the line. Expanded distribution of the original items took place in February of 1987, with the burgers being added from mid- to late 1987. The success of the line has prompted further expansion with fish fillet and breast of chicken sandwiches being added this year.

The hamburger patties are precooked, and the buns were specifically formulated not to get tough during microwave preparation. The hamburger products, in fact, have been the most often purchased of the New Traditional items. This is due, in part, to hamburger being a more popular concept, says Bloomhart. He added that they have solidly outperformed all their competitors in markets where there is competition.

A little different angle to traditional American fare that can be prepared quickly hails from the Campbell Soup Co. The company began test marketing *Souper Combo*—a line of eight frozen microwave-only meals—last November in Chicago. One of the reasons Chicago was selected was that food taste there are "All American" (mainstream).

"The line pairs some of America's favorite foods with popular soups for lunch, dinner or snack," said William McLaughlin, Souper Combo brand manager. "Our market research showed that the Souper Combo idea was well-received because of the nostalgia associated with a soup and sandwich meal along with the microwave convenience."

Varieties in the line include: Vegetable

soup and Cheeseburger, Cream of Broccoli Soup and Ham and Swiss Cheese filled Croissant, and Chili with Beans and Hot Dog on a Bun. Each meal takes between 5-1/2 to 7 minutes to prepare.

Souper Combos are especially targeted at teenagers and for lunches eaten in the office. Seventy percent of people working have access to a microwave oven at their place of employment, according to a Campbell Soup study.

A number of microwaveable, shelf-stable entrees were introduced into this country by several major food companies last year. Although shelf-stable entrees have been popular in Europe for a number of years, the European versions are formulated mainly for stove-top cooking (with microwave directions included) since microwave oven penetration is so small in Europe. On the other hand, the U.S. shelf-stable entrees have been specifically formulated for microwave preparation.

One of these lines, *Impromptu* Prepared Dinners, is being tested by General Foods Corp., White Plains, NY, in the New York metropolitan area. And in January of 1987, Geo. A. Hormel & Co. announced the introduction of *Top Shelf*. Vacuum-packed in a multi-layered, plastic serving dish and sealed airtight with an easy-open lid, these entrees are pre-cooked by traditional thermo-processing.

Introduced in Denver and Indianapolis, the initial line consisted of: Italian Style Lasagna, Tender Beef Roast, Boneless Beef Ribs, Glazed Breast of Chicken, Breast of Chicken Acapulco, Chili Con Carne Suprema, Sweet and Sour Chicken, Lemon Fillet of Cod, Linguini with White Clam Sauce, and Spaghetti with Meat Sauce. Each entree can be prepared in a few minutes.

The company recommends placing these shelf-stable entrees in the aisle near dry pasta and spaghetti sauce products since, as one spokesman said, "We've identified this aisle as an area of the store where our target consumers—higher income adults ages 25 to 54—already are shopping."

The Dial Corporation's latest new product is *Lunch Buckets*—a line of six soups and nine entrees which provide half-pound meals that go from shelf to microwave to table in 90 seconds. They have a shelf-life of up to two years.

Lunch Buckets were successfully test marketed in Colorado, Wisconsin and Virginia beginning in 1985, with results far exceeding expectations. The line was then introduced to about 20 percent of the country in April of 1987. It includes 15 varieties ranging from lasagna, beef stew and chili to chicken noodle soup and clam chowder. Prices vary from 99 cents to $1.29.

And with the penetration of microwave ovens into U.S. homes expected to reach 90 percent by 1990 the future looks bright for this category.

Cajun & other ethnic foods

Americans' expanding quest for adventure in eating has resulted in an explosion of Cajun foods on the market. With the first national lines introduced in 1986, the proliferation of new Cajun foods expanded in 1987 to the point where some supermarkets added Cajun food sections (although small ones) to the ethnic aisle that already contained Italian, Mexican, and Oriental sections.

Cajun foods caught on quickly with consumers, more so than Mexican foods initially did. This is due, in part, to the fact that middle America is traveling more. And New Orleans has become a popular location for business meetings.

A wide range of food categories now include Cajun foods—especially when 1987 introductions are taken into account. A major Cajun line introduced last year came from McCormick & Co., Inc., Hunt Valley, MD. By mid-February to early March, 1987, McCormick's *Classic American Foods* rolled out a line of spice blends and a line of cooking systems under the *Brennan's of New Orleans* brand.

The spice blend line includes seasonings for: vegetables, pork and veal; fish; shellfish; beef; and poultry. Containing suggestions for use, these seasonings blends were available on a limited basis in 1986.

The cooking systems are designed for specific applications which involve minimal preparation of three to four steps. Items in the line are: Mild Crispy Creole Chicken Coating; Shrimp Creole Sauce Mix; Creole Jambalaya Mix; Spicy Crispy Creole Chicken Coating Mix; Creole Rice; and Mardi Gras

A wide range of ethnic-style foods were introduced last year, with the most popular type being Cajun/Creole products such as Lipton's Rice Cajun-Style.

Dip Mix.

The Brennan's of New Orleans line is available in the Baltimore/Washington D.C. area, Atlanta, New Orleans, New York, and parts of California and Texas. McCormick reports that the product has received good reception so far.

Other 1987 introductions of Cajun/Creole foods:

- In introducing *Ruffles Cajun Spice potato chips*, Dallas-based Frito-Lay stated that Cajun will find a niche because it is unlike any other kind of cooking.
- Del Monte USA, San Francisco, introduced *Cajun Style Stewed Tomatoes*, with black and cayenne pepper, cloves, green peppers, allspice, cinnamon, garlic, onions, and celery among the ingredients.
- *Chef Bailey's Cajun Butter* was introduced by Mid-America Dairymen Inc., Springfield, MO. The flavored butter comes in eight and three pound plastic tubs, and is distributed in Midwestern areas.
- Select Origins, Westhampton Beach, NY, has added *Cajun-Creole Dip Mix* to its line of dip mixes. Each box includes two cellophane pouches – one contains "Cajun Heal" or cayenne pepper so consumers can adjust the seasoning to the desired taste.
- *Cajun Hot & Spicy Beef Jerky* was made available from Nehring Farms of Wamego, KS.
- Cajun flavor is among the new varieties of Missoula, MT-based John R. Daily, Inc.'s *Flavored Bacon*.
- ConAgra, Inc., Omaha, NE, selected Cajun Style with White Pepper Cheese as one of the varieties for its new refrigerated *Country Pride's Fresh And Ready Chicken*.
- *Dingus McGee Cajun Catsup* was one of the 1987 introductions of Dingus McGee's Premium Food Products, Colfax, CA.
- A new 1987 variety of T.J. Lipton's *Rice & Sauce line* was *Rice Cajun-Style*. The dry mix product includes microwave directions.
- *Shredded Cheddar & Monterey Jack Cheese* with Cajun Seasonings was added to the Sargento Shredded Cheese line from Sargento Cheese Co., Plymouth, WI.
- St. Louis-based Pet Inc. expanded its *Cajun Cookin'* line by adding *Shrimp Jambalaya* during the first quarter of 1987.
- *Cajun Classics* – frozen entrees with less than 350 calories each – were new from L.A. Frey & Sons, Inc., Layfayette, LA.
- The New England Shrimp Company, Malden, MA, announced the availability of its *Cajun Style Spiced Peel N' Eat Shrimp*.

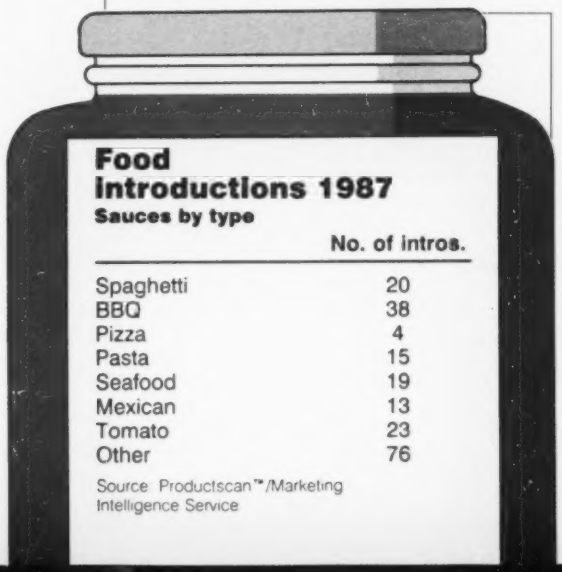
And this is only a sampling of the 90 Cajun and 34 Creole foods introduced last year as reported by Marketing Intelligence. But even through the majority of new ethnic foods were Cajun/Creole items, significant developments took place in other ethnic categories.

Business Trend Analysts (BTA), Commack, NY, in its recently released report, *The Ethnic Foods Market*, projects that by 1996 the overall market for ethnic foods will total $12.9 billion. This would represent an annual growth rate of 8.1 percent from its current level.

A large number of new foods last year were cited as being European-type (these included general European as well as specific country descriptors). For example, R.T. French Co., Rochester, NY, began marketing four varieties of *French's Sauce Mix – Bearnaise, Mornay, Provencale,* and *Bordelaise*.

The Kellogg Co., Battle Creek, MI, targeted American adults with *Mueslix* – an Americanized version of European muesli-style cereal. Available in bran and five-grain varieties, Kellogg spent $33 million on advertising and marketing, the greatest amount ever spent on a cereal introduction according to the manufacturer. The national TV campaign focuses on the cereal's European heritage.

Although a number of food processors are using European-style foods to give their products an upscale image, many of these foods are formulated for the American palate. In addition to Kellogg's Americanized version of muesli cereal, Knorr reformulated its dry mix sauces and soups prior to their most recent U.S. introduction. (CPC attempted to introduce imported Knorr soups and sauces during the 1970s and ended up pulling the product from the market.) Another new U.S. product with a European descriptor is *Dutch Chocolate Mint International Coffee* – the latest addition to this line



Food introductions 1987

Sauces by type

	No. of intros.
Spaghetti	20
BBQ	38
Pizza	4
Pasta	15
Seafood	19
Mexican	13
Tomato	23
Other	76

Source: Productscan™/Marketing Intelligence Service

A host of new sauces were seen at the 33rd Annual International Fancy Food & Confection Show held July 12 to 15, 1987 in New York City.

from General Foods.

While much of the excitement in new ethnic foods was in some of the segments which currently hold small market shares of the overall category, new trends were also seen within the traditional ethnic categories. There were moves toward regional cuisines within Italian, Hispanic, and Oriental categories.

A line of seven *All Purpose Sauces* were announced by Beatrice/Hunt Wesson, Inc., Fullerton, CA. Packaged under the *La Choy* name, they are: Hot & Spicy Szechwuan, Thick & Rich Teriyaki, Original Barbecue, Mandarin Orange, Original Sweet & Sour, Tangy Plum, and Sweet & Sour Duck Sauces.

Japanese sauces are also becoming more specialized. Kikkoman Corp., San Francisco, long known for its soy sauce, introduced *Kikkoman Sushi & Sashimi Soy Sauce*.

A new cuisine (at least new to most Americans) which holds the most promise as the next "hot" ethnic area in the U.S. is Caribbean. The Baltimore Spice Co., Baltimore, MD, confirms this by revealing that the number of request for Caribbean spice blends from food manufacturers is on the rise. Typical Caribbean spices are nutmeg, black pepper, onion, garlic, bay leaves, ginger, mace, parsley, thyme, and allspice, according to the American Spice Trade Association.

"Each new popular ethnic food category has been spicier than the last one," observes Austin Jacobus, marketing manager for The Baltimore Spice Co.

In August of last year, Campbell Soup Company announced the restaging of its Hispanic *Casera* brand with emphasis on Caribbean foods. Currently, the line is targeted at Hispanics (especially those of Puerto Rican decent) in metropolitan New York and Florida markets.

Long-term plans for this line a few years down the road, could include marketing the line to mainstream America. That would involve educating American consumers about Caribbean foods, pointed out David C. Hackney, spokesman for Campbell.

The new value-added products in the Casera line are prepared "Criollo style," containing Caribbean spices and sofrite—a condiment with a combination of sauteed ingredients and used in many Caribbean foods.

Other ethnic food categories which could have an increasing impact on Americans' diet are Thai—a cuisine characterized by spice foods with many red, gold, and orange hues—and Indian—both American and from India.

Sauces

While many of the sauces introduced in 1987 overlap into the ethnic category, the proliferation of sauces—both among major and small processors—last year warranted a separate coverage. Many of the sauce introductions go hand in hand with the expanding popularity of pasta.

Since 1980, sauce sales have grown at an annual average rate of 10.5 percent, reports BTA in its *Ethnic Foods Market* report. The report notes that spaghetti sauces are the largest category in the market, accounting for 88.1 percent of the $705 million sales. Non-tomato sauces follow with a 9.0 percent share.

U.S. consumption of spaghetti sauce has increased 7 percent annually over the past ten years, according to BTA. Among spaghetti sauce varieties, meatless sauce comprised 87.4 percent of sales, sauces with meat stood at 11.4 percent, and sauces with clams at 1.4 percent. BTA predicts that over the next decade sales of meatless sauces will grow at a rate of 8.1 percent averaged annually, sauces with meat at 1.2 percent, and clam sauces will decline 2.5 percent annually. BTA's report also predicts that sales of Italian sauces will reach $1.5 billion by 1996, but it won't be smooth sailing.

"The proliferation of brands and varieties has crowded shelves and confused consumers, while the turnover time of premium products is much slower than that of regular lines, exacerbating the shelf space problem," states BTA "This portends a shakeout in the near future at the expense of smaller, weaker brands."

Italian sauces tend to be more popular in the East where there is a more prevalent Italian population, points out Campbell Soup's Kathleen McDonald. Even so, Italian

sauces like pesto and Alfredo are not the high volume movers that red sauces are—even in the East. But often supermarkets will carry a low volume, non-red sauce to round out a line of sauces.

The newest addition to Greenwich, CT-based Chesebrough-Pond's Ragu foodservice line of Italian Food Sauces is *Chunky Style Deluxe Spaghetti Sauce*. It includes diced tomatoes in juice, crushed tomatoes in puree, and tomato paste, with a mild blend of spices.

In the area of Mexican sauces, Geo. A. Hormel & Co., Austin, MN, announced an exclusive license agreement last year with Chi-Chi's, Inc. to market sauces and dips under the *Chi-Chi's* trademark. Included will be Salsas, Picante Sauces, Taco Sauces, Cheese Dip, and Bean Dip. Grand Rapids and Lansing, MI; Columbus, Dayton, and Cincinnati, OH; Kentucky; West Virginia; and Virginia were the markets selected for the line's introduction.

In the area of seafood sauces, Golden Dipt announced the availability of *Golden Dipt Ginger Teriyaki Seafood Marinade, Golden Dipt Classic Lemon Butter Dill Flavored Seafood Cooking Sauce,* and *Golden Dipt Lemon Herb Seafood Marinade*. They come in 12 ounce bottles and their prices range from $2.39 to $2.79.

A Quebec, Canada-based company, Les Produits Ronald Ltd., began introducing a fondue kit which included three sauces and bouillon for heating last year. *Chicken Fondue* includes *Mexican, Barbecue,* and *Tarragon Fondue Dips. Oriental, Seafood,* and *Chinese Fondue kits* are also offered.

All-purpose gourmet sauces were still another popular type of new sauce in 1987. Cook's Classics, Ltd., of Palo Alto, CA, added three new sauces to its line—*Tomato-Sesame, Golden Almond,* and *Garlic Lover's Herb*. They are recommended for use directly from the jar onto a variety of foods such as pasta, meats or fish, vegetables and sandwiches, or as basting sauces.

Golden Almond Sauce is a low-sodium, non-dairy alternative to hollandaise. The Tomato-Sesame sauce blends tomato bits, cumin, sesame oil, and sesame seeds with other herbs. A free recipe folder is offered.

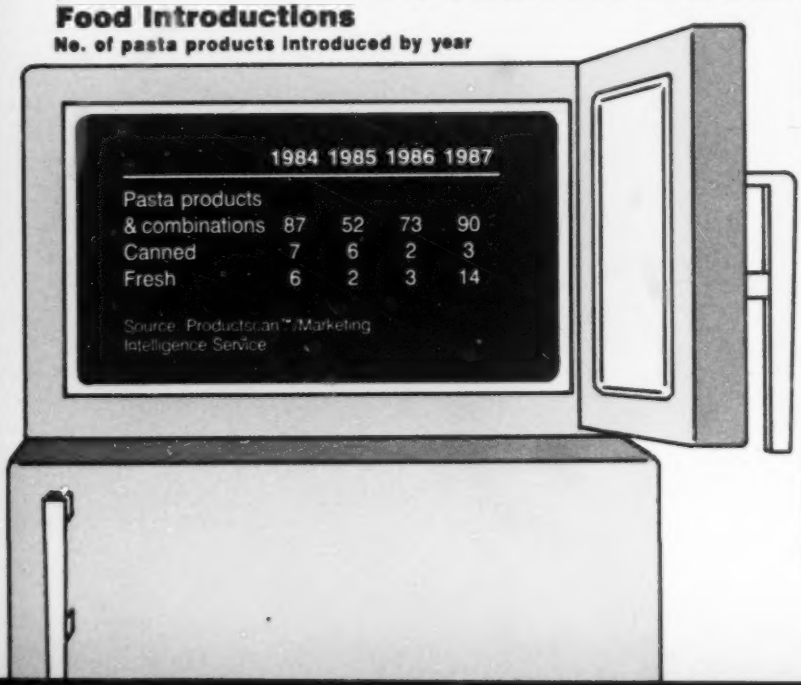
All-purpose sauces were introduced by Sierra Vista Corp., Orinda, CA. *Original Red, Spicy Hot Red,* and *Green Marinada* were the varieties offered.

Many of the new sauces came from small, specialty companies, and are available only on a regional basis. Often the more unique flavors originate with these smaller companies. But as the public embraces these newer flavors, large companies may develop versions of them for mass marketing.

Les Amis Gourmands Perel Co., a Tiburon, CA-based sauce manufacturer, showed a line of unique sauces including *Cuisine Perel Hot Thai Peanut Dressing* at last year's Annual International Fancy Food & Confection Show in New York City. Silvia Perel, one of the founders of Les Amis Gourmands, told *FE* that people from several major companies had come by their booth and said they were looking for new sauce ideas.

The sauce category lends itself to creative new products, and as the U.S. consumer continues to become more adventuresome in eating, this category will benefit. Another attraction of the sauce category is that while a prepared sauce can reduce preparation time considerably over making one from scratch, the final product still has a "homemade" image—at least much more so than a frozen entree that has been heated.

Food Introductions
No. of pasta products introduced by year


1984 1985 1986 1987
Pasta products & combinations 87 52 73 90
Canned 7 6 2 3
Fresh 6 2 3 14
Source: Productscan™/Marketing Intelligence Service

Pasta & rice products

Once ownership of pasta companies was spread out among a host of family-owned businesses. But with Borden's purchase of Prince—the last of the big family owned pasta companies—four firms now control three-fourths of the U.S. dry pasta market. Of the four firms—Borden, Hershey, Best Foods' Muellers, and General Foods' Ronzoni—Bordon is the leader with its 1987 pasta sales of about $415 million. But both large and small companies are actively introducing new pasta products.

New pasta introductions range from dry-packaged to refrigerated to frozen; and from new shapes and colors of pasta to further

value-added products such as pasta salads. The versatility of pasta is contributing to its current growth as a category.

"As pasta grows in popularity as a main dish, it is becoming a trendy, upscale food," said Hugh Peters, Mueller's brand manager. "Because of this, consumers are continually seeking variety and creative new recipe ideas."

Plain egg noodles and traditional spaghetti are making way for more innovative pasta products. Growing popularity of ethnic foods and concern for more healthy eating have both contributed to the increasing use of pasta and rice dishes.

Ethnic variety can been seen in three new varieties of noodles and broth offered under the new *Japan Bowl* line: *Udon Noodles and Broth* is made with Japanese flat noodles and a mild broth mix; *Soba Noodles and Broth* includes Japanese buckwheat noodles; and Japanese extra fine wheat noodles are used in *Somen Noodles and Broth*. Each comes in a 6.5 ounce package, with a wrapper featuring the line's green and bamboo border. China Bowl Trading Co., Inc., Parsippany, NJ, markets the product.

The increase in pasta and rice dishes is not just in the area of "ethnic" pasta dishes. New product introductions in the overall category are growing. Marketing Intelligence Service reported 74 new pasta products and combinations in 1987 and 33 new rice and combinations as compared to 64 and 29, respectively, for 1986.

One of America's oldest pasta manufacturers, A. Zerega's Sons, Inc., Fair Lawn, NJ, introduced several new dry pasta products in 1987. In September, the company announced the addition of four items to its line of *Antoine's* pasta. *Antoine's Paglia e Fiena* (straw and hay) is a combination of spinach and egg fettuccine. *Penne Rigate* (pens or feathers) are diagonally cut tubes that are ridged to help hold the sauce. *Antoine's Spicy Spirals* are pasta twists made with tomato, basil, and cayenne. And *Fusilli Tri Colori* is a medley of spinach, tomato, and semolina pasta with a unique corkscrew shape.

A. Zerega's Sons also introduced a *High Fiber Pasta* as an ingredient for prepared foods last year. This pasta has six grams of total dietary fiber per two ounce serving (dry

Last month Best Foods added four items to its successful Mueller Salad Bar Pasta line which was originally introduced during 1987. Photo courtesy of Best Foods.

weight) compared to less than one gram per serving of regular pasta. It is made with enriched durum semolina, refined corn bran, and egg whites.

New shaped pasta also was introduced last year by The Silver Palate, New York, NY. *Palate Pasta* comes in four shapes and flavors—*Fusilli Trio, Spinach Bow Ties, Little Red Basil Wagon Wheels,* and *Spinach and Semolina Radiatore.* All the new pastas are made with North Dakota durum and semolina flour.

Imports were another source of new pasta products last year. For example, 3 Glocken GmbH, Weinhiem, W. Germany, displayed *Black Forest Girl* Egg Noodles and *Noodlemaster* Egg Noodles. These products are advertised as high quality since the Noodlemaster Egg Noodles contain 12 egg yolks per 35.3 ounce and are made without water. They are made with American durum wheat.

In the further value-added area, pasta- and rice-based dry packaged dinners are joining macaroni and cheese products in the $894 million dry-packaged dinner category. In the spring of last year. General Mills expanded its *Betty Crocker* line of *Suddenly Salad* (see *FE*, April, 1987, p.79) nationally. And several other food manufacturers introduced competing lines.

Englewood Cliffs, NJ-based Best Foods announced the introduction of *Mueller's Salad Bar Pasta* in April, 1987. In making the introduction, Mike Lebo, New Products Manager at Best Foods, said, "Today's consumers want a greater selection of side dishes to choose from, more than just the standard rice and potatoes. And with Americans eating more pasta than ever—it's only natural America's oldest pasta company enter this growing segment of the market."

Originally the Salad Bar Pasta line included five varieties—Creamy Italian, Zesty Italian, Homestyle, Creamy Cucumber, and Country Buttermilk. Depending on the variety, oil or mayonnaise is added to the provided seasoning mix and blended with the pasta. Available in a six-ounce package, each makes six servings. The product retails for approximately $1.09 and is available in selected markets in the Midwest, East, South, and in California. In March of this year, Vinaigrette, Classic Herb, Creamy Garden, and Country Ranch with Bacon varieties were added to the Pasta Bar Salad line.

Yet another new pasta salad dry mix to be introduced last year was *Cool Side Salads* from Lipton. The growing consumption of prepared salads during the 1980s was a major factor in Lipton's decision to develop this line which can be prepared in under 12 minutes, less time than it takes to drive to the deli and considerably less time than it takes to make a homemade salad.

Cool Side Salads come in four varieties—Robust Italian, Garden Herb Rice Salad, Creamy Italian, and Creamy Buttermilk.

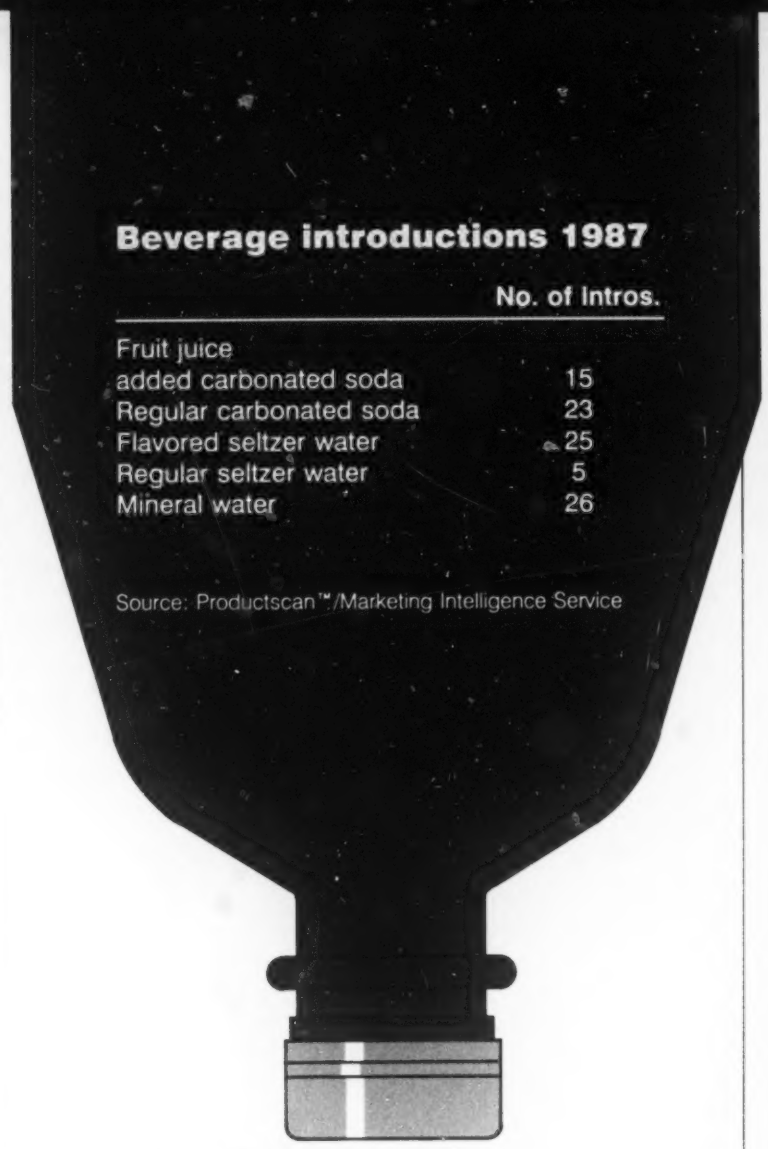
New rice dishes are also offering increased variety—some with health-type recipes included. Riviana Foods, Inc., Houston, TX, introduced a new line of *Mahatma Seasoned Rice Mixes* last year. Each of the five flavors—Saffron Yellow, Almond Beef, Sesame Chicken, Authentic Spanish, and Wild Rice with Seasonings—can either be prepared according to package directions or recipes that have been developed by the Riviana Kitchens to add "extra pizazz." The recipes include Conquistador Spinach Salad with Lemon Dressing; Chicken 'n Rice Louisianne; and Sesame Chicken Egg Fu Yung.

The freezer case is also seeing it's share of new pasta dishes. *Quick Cuisine Gourmet*

Beverage introductions 1987

	No. of Intros.
Fruit juice added carbonated soda	15
Regular carbonated soda	23
Flavored seltzer water	25
Regular seltzer water	5
Mineral water	26

Source: Productscan™/Marketing Intelligence Service



Pasta Salad Meals—a five-item line from Oregon Farms, Eugene, OR, was introduced during the last quarter of 1987. The frozen "cold pasta dishes" can be prepared in three minutes—no heating is necessary. Cheese & Pasta Italiano with Vinaigrette Dressing, Pasta & Chicken Classic with Zesty Pesto Dressing, Seafood & Pasta Classic with Creamy Dill Dressing, Shrimp & Pasta Delight with Tangy Louie Dressing, and Pasta & Ham Julienne with Vinaigrette Dressing are offered.

Earlier in the year, The Pillsbury Company announced the introduction of its newest side dish—*Pasta Accents*—under the Green Giant label. The new line comes in 16-ounce polybags and can be prepared on the stovetop or in a microwave oven. Flavors in the Pasta Accents line include: Lemon Butter, Parmesan Cheese, Cheddar Cheese, Sour Cream and Herb, Garlic, and Southwestern Style.

Pillsbury reports that pasta is a $2.4 billion market that has seen 33 percent growth over the last four years.

The last area where pasta dishes are being introduced is in the refrigerated section. General Foods Corp., introduced *Ronzoni* refrigerated pastas and sauces into test market in Cincinnati, OH. And Los Angeles-based Carnation Co. introduced a line of refrigerated pastas and sauces under its *Contadina* brand. *Fresh Pasta & Cheese* is available on the East and West Coasts and in Chicago.

Americans' interest in keeping variety in their foods with a minimum of preparation will keep this a healthy category.

New entries into the bottled water (sparkling, still, etc.) and seltzer categories found tough competition and disagreements as to defining segments in the category.

Bottled water, seltzers and other carbonated drinks

Alcoholic beverage consumption in restaurants is declining; wine cooler shipments began declining last year; but the $37 billion soft drink industry remains strong. Hot items within the soft drink category in 1987 were bottled water (mineral, sparkling, etc.) and seltzers. The National Restaurant Association reports that the number of customers ordering bottled water at tableservice restaurants has quadrupled since 1980. And the $260 million of seltzer sales in 1986 were expected to double in 1987.

SAMI/Burke Inc. shows some impressive growth in this area. Sales for sparkling flavored water was $26.6 million in 1987, or a 65.1 percent increase over the previous year. (This does not include Seltzer delivered directly to the stores.) Sales for mineral flavored water in 1987 was $29.8 million, a 43.9 percent increase over 1986. And mineral water sales rose 57.3 percent between 1986 and 1987 to reach $4.0 million. The sparkling unflavored water category showed a lower increase of 14.4 percent growth for the same time period.

Along with climbing sales of bottled waters and seltzers has come controversy, though. Two of the early players were the Original New York Seltzer Co., Walnut Creek, CA, and American Natural Beverage Corp., the New York-based marketers of Soho seltzer.

Problems began after Anheuser-Busch, St. Louis, began testing *Zeltzer Seltzer* in February of 1987. American Natural sued A-B, claiming that Zeltzer imitated Soho's package design and A-B filed a countersuit stating that American Natural executives had made remarks that defamed them. The dispute was settled out of court. Recently A-B redesigned Zeltzer's packaging.

The next controversy occurred when Chicago-based A.J. Canfield Co., a Canada Dry bottler, filed a complaint with the Food & Drug Administration that Zeltzer, Soho, and other seltzers were mislabeled since they were sweetened and flavored. The FDA ruled last summer that sweetened seltzers must be prominently identified as "soda" on the label but the "soda" does not need to appear in the brand name or in advertising.

Zeltzer Seltzer, described as an all-natural soda made with plain, carbonated seltzer, natural flavors and sweetener, was initially introduced in California, Texas, Arizona, Chicago, and St. Louis. It is now available in 43 states and the District of Columbia. It is offered in seven flavors: Raspberry, Peach, Blueberry, Cola & Berry, Black Cherry, Va-

nilla Creme, and Root Beer. A 10-ounce bottle contains approximately 118 calories.

In announcing the expanded distribution of Zeltzer, Brand Manager Kathleen E. Delaney pointed out that the highly competitive flavored soda category accounts for approximately .5 percent of total soft drink industry sales, with anticipated 1987 sales totaling $204 million.

Polar Corp., Worcester, MA, added two varieties to its *Polar Seltzer* line last fall. Peach and Cranberry/Lime are now offered in addition to Grapefruit and Lime varieties. Other 1987 seltzer introductions include: *Crystal Geyser Kiwi-Lemonade Light Seltzer* from Crystal Geyser Water Co., Calistoga, CA; *Sparkling Peach Soda* and *Almond Creme* from R.J. Coor Naturals, Inc., Chicago, IL; *Diet Wild Mist Seltzers* from Kashu Fruit Products, Inc., Corona, CA; *Alhambra Seltzer Soft Drinks* from McKesson Corp., San Francisco; and *C&C Salt Free Seltzer* from C&C Cola, Elizabeth, NJ.

After Cadbury Schweppes bought Canada Dry Corp. Canada Dry flavored seltzers were reformulated to contain juice. They will be called sparklers. Bottlers remain optimistic about the future for this category – Cadbury Schweppes Inc. plans on introducing two lines of sweetened seltzers in 1988 which will also be called sparklers.

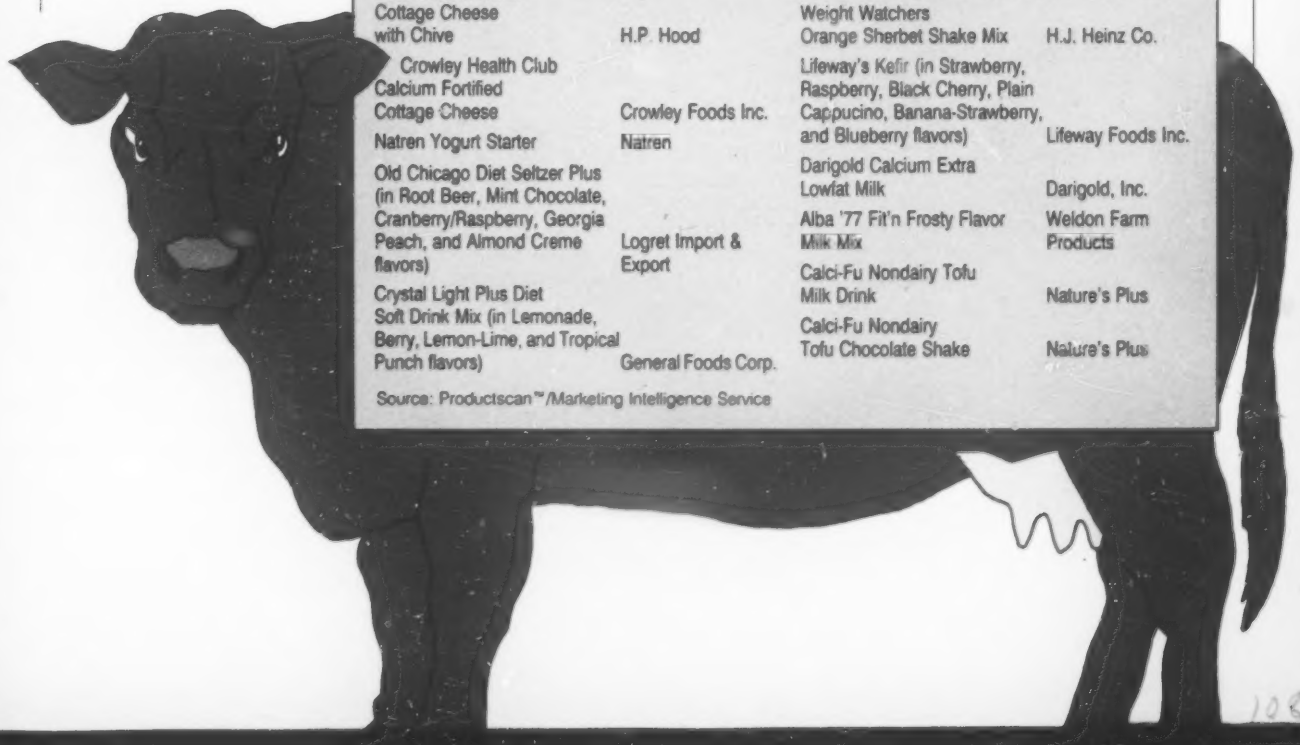
The bottled water category has grown to the point of attracting major players. Although the International Bottled Water As-

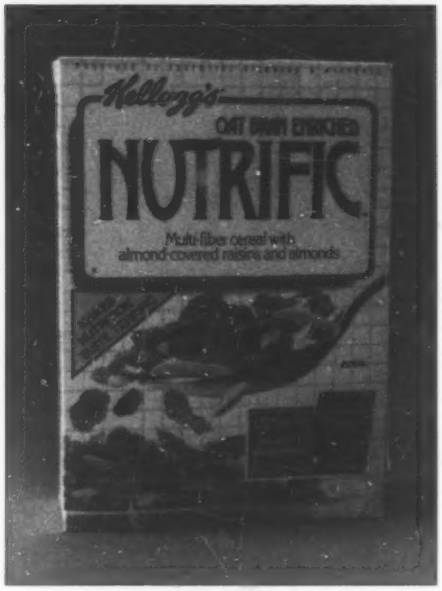
Food Introductions 1987

Calcium added

Product Name	Manufacturer	Product Name	Manufacturer
Barbara's Mashed Potatoes	Barbara's Bakery, Inc.	Summer Song Passion	Summer Song Fruit Products
Millbrook Diet White Enriched Bread	Stroehmann Bakeries	Summer Song Florida Thirst Quencher	Summer Song Fruit Products
Thomas' Protogen Lite-Wheat Bread	S.B. Thomas	Viva Lowfat Milk with Extra Calcium	Beatrice Companies, Inc.
FFV-Famous Foods of Virginia Ginger Boy Cookies	Interbake Foods Inc.	Health Clue Lowfat Milk	Crowley Foods
Perry's Light Premium Ice Milk	Perry's Ice Cream	Sealtest 2% Milkfat Lowfat Milk	Kraft Inc.
Olympiad Cheese	First World Cheese	Hood Nuform Plus Milk (in Lowfat and Skim varieties)	H.P. Hood
Dellwood Cottage Cheese	Dellwood Foods	Land O' Lakes Calcium-Plus Lowfat Milk	Land O' Lakes
Hood Nuform Lofat Cottage Cheese	H.P. Hood	Weight Watchers Chocolate Fudge Shake Mix	H.J. Heinz Co.
Hood Nuform Lofat Cottage Cheese with Chive	H.P. Hood	Weight Watchers Orange Sherbet Shake Mix	H.J. Heinz Co.
Crowley Health Club Calcium Fortified Cottage Cheese	Crowley Foods Inc.	Lifeway's Kefir (in Strawberry, Raspberry, Black Cherry, Plain Cappucino, Banana-Strawberry, and Blueberry flavors)	Lifeway Foods Inc.
Natren Yogurt Starter	Natren	Darigold Calcium Extra Lowfat Milk	Darigold, Inc.
Old Chicago Diet Seltzer Plus (in Root Beer, Mint Chocolate, Cranberry/Raspberry, Georgia Peach, and Almond Creme flavors)	Logret Import & Export	Alba '77 Fit'n Frosty Flavor Milk Mix	Weldon Farm Products
Crystal Light Plus Diet Soft Drink Mix (in Lemonade, Berry, Lemon-Lime, and Tropical Punch flavors)	General Foods Corp.	Calci-Fu Nondairy Tofu Milk Drink	Nature's Plus
		Calci-Fu Nondairy Tofu Chocolate Shake	Nature's Plus

Source: Productscan™/Marketing Intelligence Service





Nutrific from Kellogg's Co.—an oat bran enriched multi-fiber cereal with almond-covered raisins and almonds—is advertised as having terrific taste.

sociation, Alexandria, VA, estimates that more than 100 imported brands are being sold in the U.S. Most are in very limited distribution, though. Perrier holds approximately 75 percent of the $132 million wholesale imported water market. The Association also reports that there are more than 600 different U.S. produced brand labels.

In the overall bottled water market, Beverage Marketing Corporation gave 1987 U.S. per capita consumption as 6.2 gallons, with an expected increase to 11.7 gallons by 1996. About three-fourths of the bottled water consumed in the U.S. is nonsparkling or still water, while the remainder is sparkling. (A growing portion of the sparkling segment includes waters flavored with fruit essences or fruit juice.)

The 1996 projected figures for U.S. per capita consumption of bottled water fall short of what Europeans currently consume. The French and Belgian per capita consumption is currently at 14 gallons, for example. This leaves a huge potential with regards to water sales in this country.

Despite the health appeal of seltzers, bottled water, and sparklers, though, cola retains the lion's share of the soft drink market with approximately 65 percent. But perceived "health" beverage consumption continues to grow. The juice-added segment now represents five percent of the $39 billion soft drink category. The biggest announcement in this category came early last year when Dallas, TX-based Seven-Up Company announced that a national rollout of *Cherry Seven-up* and *Diet Cherry Seven-up* would begin in February. The new soft drinks would have the lemon-lime 7UP base with natural cherry juice and other natural flavors added. The product was not positioned as being in the "juice-added" category, but was targeted to 12- to 24-year-olds who wanted light, refreshing fruit tastes in a soft drink.

Another soft drink line with added juice to make its debut in 1987 was *High Five* from Detroit-based Stroh Foods, Inc., a subsidiary of Stroh Brewery Co. Naturally flavored with 10 percent fruit juice, High Five is offered in Peach, Orange, Raspberry, Cherry and Lemon-lime. Two diet flavors—Cola and Lemon-lime—are also available. The line is being tested in the Salt Lake City market.

Fiber-, calcium-added

Spurred by consumers' increasing interest in nutrition, new food products touting their fiber content are becoming more common, and in more food categories. Ever since bran cereal sales rose over 30 percent in 1984 when The Kellogg Co. ran an advertising campaign which suggested that increased consumption of bran cereals could help prevent certain types of cancer, the marketplace has seen an abundance of fiber-added products. (Research data suggesting that fiber-containing foods provide some protection against colon and rectal cancer led the National Cancer Institute to recommend that Americans consume 25 to 30 grams of dietary fiber a day.)

The initial flood of fiber-added foods was into the breakfast cereal category. A race began to see who could provide the highest amount of dietary fiber in a cereal. And the emphasis in breakfast cereals went from cereals for children to adult cereals focused on nutrition rather than taste.

Some changes were made in both product formulation and advertising, though, when manufacturers realized that adults also considered taste the most important factor in selecting a breakfast cereal. One survey to back this up appeared in *Prevention* magazine. Taste was listed as the most important consideration in selecting a cereal by 32 percent of those polled, while only 11 percent said the next consideration was that the cereal be "good for you."

The addition of fruits and/or nuts has been used by cereal manufacturers to increase the appeal of these cereals. Kellogg's *Nutrific* oat bran enriched multi-fiber cereal has both almond-covered raisins and almonds. The product is advertised as making nutrition taste terrific. A health passport from the American Health Foundation is included in each box. Nutrific has five grams

dietary fiber per 1.3 ounce serving. Other entries in this category include General Mills' new *Clusters* which have honey-flavored clusters of almonds, walnuts, and pecans blended with wheat and bran flakes; and General Foods extension of *Post Fruit & Fiber* line to include a peach variety.

The growth of cereals with fiber or bran in the title is, however, growing at a slower rate than the overall cereal category. SAMI/Burke Inc. report a 6.1 percent growth in sales of fiber cereals from 1986 to 1987, and a 8.9 percent growth for the overall cereal category for the same period. The slower growth in the fiber cereal area may be due to consumers becoming aware of more different sources of fiber, says Alan B. Miller Jr. of SAMI/Burke.

New products in another category are also vying for the attention of adults interested in including fiber in a good-tasting breakfast. Deerfield, IL-based Sara Lee Corp. added *Corn Muffins* to its line of frozen muffins. The company introduced Blueberry, Banana, Oatmeal 'N Fruit, and Apple Cinnamon Spice varieties in the fall of 1986, and added the Golden Corn variety in September of 1987.

Advertising for Sara Lee Muffins is going head-to-head with cereal advertising, pointing out that the muffins: Contain four grams of dietary fiber per serving; can be heated in a microwave oven; and are individually portioned.

Fiber-added new foods in 1987 were not limited to cereals and muffins. Vegetables, pasta, cookies, and drink mixes were among the new food products introduced last year which were advertised as containing fiber. For example, *FI-BAR* – an all-natural fruity, high-energy bar containing 12 dietary fibers was introduced by Natural Nectar Corp., Culver City, CA. Initial markets are San Francisco, Los Angeles, and Boston.

A serving consisting of two one-ounce bars provides 10 grams of dietary fiber and 220 calories. FI-BARs consist of an inside portion of raspberry, lemon or mandarin orange flavored blend which includes almonds, apples, barley, rolled oats, rice, and other grains; and an outside yogurt coating, in vanilla or chocolate. Initial consumers research for these bars showed a 64 percent purchase intent, with 74 percent of those questioned liking them as a source of fiber, and 89 percent liking the bar's convenience.

Fiber was not the only nutritional ingredient added to new products last year – Calcium-enriched foods was another "hot" area. Preoccupation surrounding the amount of calcium in one's diet also dates back to 1984 when the National Institutes of Health linked osteoporosis with calcium deficiency.

Successful test markets for *Citrus Hill Plus Calcium* orange juice and grapefruit juice, resulted in national rollout of the products in April of 1987 by the Procter & Gamble Company, Cincinnati, OH. Initial test marketing began in September of 1986 in Evansville, IN, and Charleston, WV.

Citrus Hill Plus Calcium contains a unique type of calcium which clinical studies show is more readily absorbed by the body than calcium from other sources, according to P&G. The beverages contain as much calcium as milk and the same amount of vitamin C as regular citrus juice. They are offered in both frozen concentrate and ready-to-serve forms.

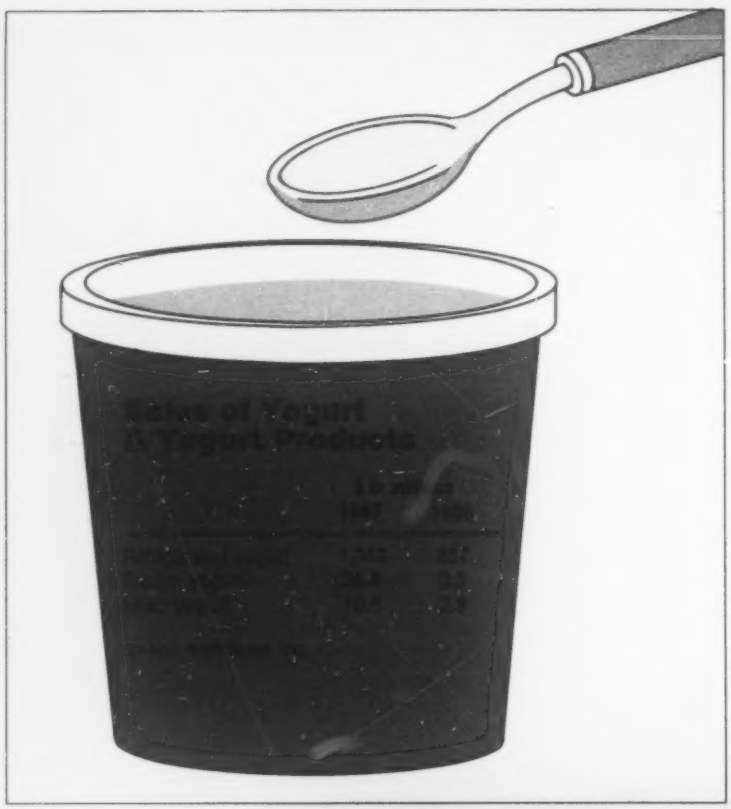
Later in the year, The Old Chicago Seltzer Co., Santa Fe Springs, CA, announced the August introduction of *Diet Plus*, a new diet seltzer containing a calcium/magnesium fortifier. Initial flavors were: Root Beer, Mint Chocolate, Cranberry/Raspberry, Georgia Peach, and Almond Creme. The beverage comes in a 10-ounce bottle. Each serving contains less than two calories, 100 mg of calcium, and 33 mg of magnesium.

Other calcium-fortified introduced in 1987 are shown in the chart on page 108.

Yogurt & yogurt-like products

Several factors – including new product introductions – were responsible for the substantial growth within the yogurt category last year. Part of refrigerated yogurt's increase in sales from $857 million in 1986 to

Each 10-ounce bottle of Diet Plus (introduced last year) contains 100 mg of calcium and 33 mg of magnesium. Photo courtesy of The Old Chicago Seltzer Co.



$1,013 million in 1987 can be explained by Dannon's completion of its national warehouse system, explains Alan B. Miller Jr. of SAMI/Burke Inc. But that would only account for about a $75 million increase. Discounting the $75 million, still leaves a 9.4 percent increase. SAMI also shows a 14 percent gain for this category for the 12 weeks ending March 7th of this year showing no signs of let up in the category's growth.

Yogurt's healthy image has certainly been a factor in its popularity. The dairy industry hopes to continue to capitalize on this positive image. (See *FE*, February 1988, p.23 for details.)

H.J. Heinz, Pittsburgh, PA, announced the introduction of five *strained fruit yogurts* to the *Heinz Baby Food* line in April of 1987. Available in pear, apricot, mixed fruit, peach, and banana, the yogurts for babies are less tart and smoother than "adult" varieties. They also require no refrigeration prior to opening.

General Mills, Minneapolis, MN, introduced its *Yoplait 150* last year. It has 150 calories per serving as compared to original Yoplait which has 190 calories.

New entries to the yogurt drink category and expanded distribution last year increased consumer awareness of that seg-

The national rollout of Wispy was completed in 1987. This yogurt-like product is 99 percent fat free and water-based. Photo courtesy of Ice Dream International, Inc.

Food and beverage introductions 1987
Top 20 companies by number of introductions

	No. of intros.
General Foods	67
RJR Nabisco	56
Kraft	55
Campbell Soup	48
Nestle/Carnation	40
Beatrice/Hunt-Wesson	37
H.J. Heinz	36
General Mills	34
Thomas J. Lipton	33
Pillsbury	30
Sara Lee	24
ConAgra	21
M&M Mars	21
Quaker Oats	21
Procter & Gamble	19
Geo. A. Hormel	18
Borden	17
Anheuser-Busch	16
Keebler	15
Classic American Foods	14

Source: Productscan™/Marketing Intelligence Service

ment. Although The Dannon Co., White Plains, NY, introduced *Dan'up Lowfat Yogurt Drink* in August of 1986, initially it was only offered in the Baltimore/Washington area. In early 1987, distribution of Dan'up was expanded to include Los Angeles, New York City, Philadelphia, Detroit, and Chicago. And by summer of that year the product was also offered in Orlando. This yogurt drink is available in Strawberry, Strawberry-Banana, Raspberry, Mix Berries, and Exotic Fruit.

Union, NJ-based Tuscan Dairy has marketed a yogurt drink for about 10 years. But heightened consumer awareness due to introductions of other brands has resulted in increased sales for *Tuscan's Yogurt Drink*. In 1987 the company did introduced a strawberry-banana flavor to its line.

Yogurt drinks were not the only segment of the yogurt category to benefit from new product introductions. Astounding sales growth of frozen yogurt was largely due to the rollout of *Yoplait Frozen Yogurt* from five markets in 1986 to 50 markets in 1987. SAMI/Burke Inc. report that frozen yogurt sales went from $9.3 million in 1986 to $26.4 million in 1987.

The introduction of a number of regional frozen yogurt products have contributed, to a lesser extent, to growth in this category. One example hails from Buffalo, NY-based Elan Foods, Inc. Originally introduced in 1986, expansion in 1987 has resulted in *Elan Premium Frozen Yogurt's* presence in Upstate New York, Vermont, Massachusetts, Delaware, Virginia, Maryland, Washington, D.C., and Ontario, Canada. The new frozen yogurt contains 3.5 percent butterfat and is being positioned as an alternative to super-premium ice creams. It is offered in Strawberry, Chocolate Almond, Chocolate, Vanilla, Coffee, and Blueberry flavors.

The popularity of the yogurt category has attracted other yogurt-like products. *Stir Fruity*, from Azumaya, Inc., San Francisco, CA, is a blend of tofu and fruit chunks and will be positioned on the yogurt and dairy shelves of Northern California's supermarkets. It is advertised as having 160 calories per serving—lower than low-fat yogurts.

Azumaya's early product testing indicated a strong receptivity to Stir Fruity among yogurt loyalists. Of yogurt users, 86 percent expressed "high purchase intent." And among non-yogurt users, 65 percent said they would purchase Stir Fruity.

In competition with the frozen yogurt category, products such as *Wispy*—a premium soft serve frozen dessert—are becoming more prevalent. The product is 99 percent fat free, water-based, and sweetened with fructose. It contains 12 calories per ounce. Initially introduced in 1986, Ice Dream International, Inc., of Sarasota, FL, expanded distribution of the product nationally in 1987.

Offering both good taste and a "healthy" image, yogurt products should remain in favor with consumers.

Future trends

Eight of last year's top ten food companies in new product introductions remain in this year's top ten. And many of the trends seen last year were carried over from previous years and will continue this year. In looking towards the future, as 1988 trends begin to unfold, several are already obvious. The lure of foods offering convenience is growing even stronger. But Americans are more determined than ever to get value for dollars spent. And for any food item to have long-term success, it must taste good.

Food companies which will come out ahead are ones that "stimulate creativity and innovation through their organization," points out Tom C. Veblen, President, Food System Associates, Inc., Washington, D.C. This is especially true within the R&D department. Companies must also increase their ability to monitor, interpret, and anticipate consumer and technological shifts to win at the new products game, adds Veblen.